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**OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY**

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[REDACTED]

1. ARABS BEGINNING TO EMPHASIZE GAZA PROBLEM

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With the Anglo-French evacuation nearing completion, Arab leaders and their propaganda machines are beginning to concentrate on Israel's occupation of portions of Sinai, and particularly on its announced determination to bar the return of Egyptian control to the Gaza strip.

Jordan's prime minister has told the press that his government is preparing notes to other Arab states insisting that the Suez Canal should not be cleared and that oil pipelines remain shut down until Israel withdraws from Gaza and from the islands at the mouth of the Gulf of Aqaba. On 21 December Jordan's UN delegate called for a report on the progress of the Israeli withdrawal. A similar position was implied in the previously reported Syrian suggestion that the United States fix a date for the Israeli evacuation of Gaza in return for a resumption of the flow of oil.

Arab emotionalism on this subject is likely to be aggravated by the Israeli attitude. A UN official stated on 20 December that the question of the Israeli withdrawal now looms as a major problem, since Israel is continuing to "drag its feet" and is even consolidating its positions in the Gaza strip and the gulf islands.

2. LABOR OPPOSITION TO BOLIVIAN STABILIZATION PROGRAM MAY TOUCH OFF WIDESPREAD VIOLENCE

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Increasing labor opposition to the Bolivian monetary stabilization program, promulgated 15 December, may lead to widespread violence and the possible overthrow of the

Bolivian government.

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The stabilization plan, which initially had the substantial backing of key labor leaders, is a fundamental economic reform supported by credits of the International Monetary Fund and US government aimed at checking inflation. It involves price and wage adjustments which will bear most heavily on the laboring classes during the early phases of implementation. President Siles Zuazo has considered resigning, and the cabinet reportedly has tendered its resignation, as a result of wavering labor support, other leftist opposition, and sporadic public rioting.

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4. ARMY COUP REPORTED IN INDONESIA

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The reported army coup in central Sumatra probably will stimulate President Sukarno to accelerate his efforts to assert his personal authority over

the government. It will also encourage other disgruntled army elements in Indonesia to take direct action. [REDACTED]

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[REDACTED] the coup was led by Lt. Col. Achmad Hussein, a local regimental commander. He reportedly has deposed the provincial governor because of "dissatisfaction among all strata of the population" and established a "citizens' council" to rule in his stead.

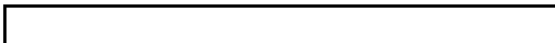
Although he commands no more than 5,000 troops, Hussein would be in a fairly strong position if he is acting with or receives the backing of his chief, Col. Simbolon, the popular territorial commander of North Sumatra, who has long been a leading critic of the inefficiency of the central government.

There is considerable sentiment throughout Sumatra for a federal government rather than the centralized system desired by President Sukarno and other nationalist politicians. Similar sentiment exists in other non-Javanese areas.

President Sukarno has been reported as planning to declare a state of emergency whereby he could actively assume command of the armed forces. He is said to have sought a justification from a prominent constitutional authority. [REDACTED]

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25X1A⁵ GREECE TO PRESS FOR IMMEDIATE UN DEBATE
ON CYPRUS

The Greek decision to press for immediate UN debate on the Cyprus issue when the political committee reconvenes on 3 January indicates that Athens has abandoned

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hope of negotiations with Britain and intends to seek a showdown as quickly as possible. Discussion of Cyprus is now scheduled for late in the General Assembly session. The decision is also designed to counteract the effect on Greek public opinion of the visit of Colonial Secretary Lennox Boyd.

Prime Minister Karamanlis apparently hopes the General Assembly will appoint a commission of nations not directly involved to make recommendations for a Cyprus solution. Greece, according to Karamanlis, could accept any UN-approved solution.

Ambassador Allen believes Karamanlis would "very probably" resign if the United States were to support publicly the British proposals. Karamanlis told Foreign Minister Averoff he would "feel it his duty" to resign in such a case. While this threat is intended to influence US action, Karamanlis might find it necessary under certain conditions to resign to avoid being forced out of office and to protect his political future.

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6. PAKISTAN TO REQUEST UN FORCE FOR KASHMIR

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The Pakistani government on 20 December gave the American embassy an aide-memoire stating its intention to ask the Security Council to send a UN force into

Kashmir. Karachi also wants the Security Council to define the obligations of both Pakistan and India under the UN-sponsored plebiscite agreement of 1948 and to appoint a plebiscite administrator. Karachi has requested a Security Council hearing by 15 January.

Comment

The Pakistanis want to take advantage of the precedent created by the UN Emergency Force in Egypt. Foreign Minister Noon's recent hints that a similar move would solve the Kashmir problem have been derided by Prime Minister Nehru. Nehru has maintained several times during the past year that "changed conditions"--including US military aid to Pakistan--have eliminated India's obligations for a plebiscite.

Since Bulganin and Khrushchev, during their visit to India in December of 1955, supported India's claims to Kashmir, the USSR may be expected to oppose the Pakistani proposal in the Security Council. The proposal will present a major problem to Britain, a fellow member of the Commonwealth. London has in the past attempted to avoid taking sides in the Kashmir dispute, but there have been recent indications that Britain will give at least limited support to Pakistan in the UN.

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9. INTELLECTUALS RESTIVE IN NORTH VIETNAM

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The Hanoi decree of 15 December suspending publication of the new periodical Nhan Van reveals the determination of the Viet Minh leadership to keep popular criticism of the regime within bounds.

Apparently the disorders last month, as well as events in Eastern Europe, have given the authorities second thoughts on the extent to which they should implement their earlier promises to allow greater freedom of expression. In recent broadcasts, Hanoi has warned the people against an "excess of democracy."

Nhan Van, which published only five issues, addressed itself mainly to intellectuals with such appeals as "Arts and letters demand freedom." The Communist bureaucracy was pictured as stifling creative accomplishment by individuals. In announcing suspension of the periodical, Hanoi declared that some 33 of its articles had the effect of "causing the readers to become discouraged, pessimistic, and dubious of our regime and leadership... and had a disastrous effect on the consolidation of North Vietnam."

Although the disorders last month were apparently confined to the rural areas of North Vietnam, the suspension of Nhan Van lends credence to reports of intellectual ferment in the cities. Some dissatisfaction among intellectuals was in fact acknowledged in several Hanoi broadcasts. According to still unconfirmed reports, students at Hanoi University have staged protest meetings to criticize certain regime policies.

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